

# Consolidated Financial Results [Japanese GAAP]

## for the First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 — June 30, 2022)



August 5, 2022

Company name: Kansai Paint Co., Ltd.  
 Stock listing: Tokyo Stock Exchange  
 Code number: 4613  
 URL: <https://www.kansai.co.jp/>  
 Representative: MORI Kunishi, Representative Director of the Board, President  
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 Scheduled date of the filing of Securities Report: August 8, 2022  
 Scheduled date of dividend payment: -  
 Supplemental information: No  
 Financial results briefing: No

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated financial results for the First Quarter Fiscal Year Ending March 31, 2023 (April 1, 2022 — June 30, 2022)

#### (1) Consolidated operating results

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

|                                  | Net sales       |      | Operating income |       | Ordinary income |       | Net income attributable to owners of the parent |       |
|----------------------------------|-----------------|------|------------------|-------|-----------------|-------|---|-------|
|                                  | Millions of yen | %    | Millions of yen  | %     | Millions of yen | %     | Millions of yen                                 | %     |
| Three months ended June 30, 2022 | 120,448         | 23.2 | 8,487            | (2.8) | 13,197          | 13.7  | 6,450   | 20.6  |
| Three months ended June 30, 2021 | 97,767          | 25.2 | 8,730            | 126.7 | 11,611          | 123.2 | 5,346   | 148.6 |

(Note) Comprehensive income:

Three months ended June 30, 2022: 16,965 million yen 11.2%  
 Three months ended June 30, 2021: 15,260 million yen —%

|                                  | Net income per share | Diluted net income per share |
|----------------------------------|----------------------|------------------------------|
|                                  | Yen                  | Yen                          |
| Three months ended June 30, 2022 | 25.18                | 23.84                        |
| Three months ended June 30, 2021 | 20.80                | 19.35                        |

#### (2) Consolidated financial positions

|                      | Total assets    | Net assets      | Shareholders' equity ratio |
|----------------------|-----------------|-----------------|----------------------------|
|                      | Millions of yen | Millions of yen | %                          |
| As of June 30, 2022  | 625,147         | 379,118         | 51.8                       |
| As of March 31, 2022 | 600,057         | 375,114         | 53.3                       |

(Reference) Shareholders' equity:

As of June 30, 2022: 323,597 million yen  
 As of March 31, 2022: 320,019 million yen

### 2. Dividends

|  | Dividends per share |             |             |          |       |
|--|---------------------|-------------|-------------|----------|-------|
|  | 1st Quarter         | 2nd Quarter | 3rd Quarter | Year-end | Total |
|  | Yen                 | Yen         | Yen         | Yen      | Yen   |
| Fiscal Year ended March 31, 2022             | —                   | 15.00       | —           | 15.00    | 30.00 |
| Fiscal Year ending March 31, 2023            | —                   |             |             |          |       |
| Fiscal Year ending March 31, 2023 (Forecast) |                     | 15.00       | —           | 15.00    | 30.00 |

(Note) Revisions to the latest dividend forecast announced : No

### 3. Consolidated financial forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 — March 31, 2023)

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

|           | Net sales       |     | Operating income |       | Ordinary income |       | Net income attributable to owners of the parent |        | Net income per share |
|-----------|-----------------|-----|------------------|-------|-----------------|-------|---|--------|----------------------|
|           | Millions of yen | %   | Millions of yen  | %     | Millions of yen | %     | Millions of yen                                 | %      | Yen                  |
| Full Year | 460,000         | 9.7 | 29,000           | (3.6) | 36,000          | (4.3) | 21,000  | (20.8) | 82.47                |

(Note) Revisions to the latest consolidated financial forecast announced: No

**\*Notes**

|  |                    |
|--|--------------------|
| (1) Changes in significant subsidiaries during the period<br>(changes in specified subsidiaries due to changes in scope of consolidation): | None               |
| (2) Application of accounting treatment specific to preparation of quarterly consolidated financial statements:                            | Yes                |
| (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement   |                    |
| 1. Changes in accounting policies in accordance with revision of accounting standards:   | None               |
| 2. Changes in accounting policies other than 1. above:   | None               |
| 3. Changes in accounting estimates:  | None               |
| 4. Retrospective restatement:  | None               |
| (4) Number of shares of common stock issued  |                    |
| 1. Number of shares of common stock issued at period-end (including treasury stock):   |                    |
| As of June 30, 2022:   | 272,623,270 shares |
| As of March 31, 2022:  | 272,623,270 shares |
| 2. Number of shares of treasury stock at period-end:   |                    |
| As of June 30, 2022:   | 18,661,968 shares  |
| As of March 31, 2022:  | 15,729,917 shares  |
| 3. Average number of shares during the period:   |                    |
| Three months ended June 30, 2022:  | 256,132,119 shares |
| Three months ended June 30, 2021:  | 257,009,285 shares |

**\*Status of the implementation of audit procedures**

These financial statements are not subject to quarterly review procedure of certified public accountant or audit firm.

**\*Explanation for appropriate use of forecasts and other notes**

The forward-looking statements such as operational forecasts contained in this document are based on information currently available to the Company and certain assumptions which are regarded as legitimate. However, it does not mean that we guarantee its achievement. Actual results may differ from such forward-looking statements for a variety of reasons.

## Overview of financial results

During the fiscal period under review, the world economy observed a recovery trend. However, we are facing significant uncertainties due to limited supplies and soaring prices for raw materials on the back of emerging geopolitical risks, in addition to the impact of global inflation. Under these circumstances, the Chinese economy slowed down due to tighter restrictions on certain activities following the spread of COVID-19. In other regions, the economy was on a recovery trend or showed signs of recovery. The Japanese economy has been recovering as a basic trend as exports and industrial production increased despite downward pressure due to supply limitations and soaring prices for raw materials.

The Group's net sales for the period under review were 120,448 million yen (up 23.2% year on year). Operating income was 8,487 million yen (down 2.8% year on year) due to efforts to improve selling prices, despite the continued impact of soaring raw material prices and increased selling expenses associated with higher sales. While operating income was flat year on year, ordinary income was 13,197 million yen (up 13.7% year on year) due to an increase in foreign currency exchange gains on the back of a weaker yen. Net income attributable to owners of the parent was 6,450 million yen (up 20.6% year on year).

Segment overviews are as follows.

### <Japan>

In the automotive coatings sector, sales of paints for new cars and automotive components fell on a year-on-year basis, reflecting a year-on-year decrease in car production. Sales in the industrial coatings sector recorded a year-on-year increase due to efforts to improve selling prices, although demand for paints for industrial machinery fell. In the automotive coatings (for refinishing), decorative coatings, and protective coatings sectors, sales increased year on year thanks to efforts to improve selling prices, although the market failed to show a full-fledged recovery. The marine sector saw higher sales than in the previous year due to a recovery of the market. Profits increased year on year due to foreign exchange gains despite the impact of higher prices for raw materials.

As a result of those factors, net sales and ordinary income in the segment were 35,383 million yen (up 2.9% year on year) and 5,127 million yen (up 25.9% year on year), respectively.

### <India>

In the automotive coatings and decorative coatings sectors, both sales and profits increased in contrast to the previous year due to the impact of lockdowns to prevent the spread of COVID-19 in the previous year and efforts to improve selling prices.

As a result of those factors, net sales and ordinary income in the segment were 34,613 million yen (up 63.7% year on year) and 3,571 million yen (up 60.0% year on year), respectively.

### <Europe>

In Turkey, sales increased year on year due to efforts to improve selling prices to respond to the surge in raw material prices, although demand in the automotive coatings and industrial coatings sectors was impacted by a decrease in car production and inflation. In other European countries, there was also a year-on-year increase in sales due to strong demand, mainly in the industrial coatings and the automotive coatings (for refinishing) sectors, resulting in year-on-year growth in net sales in Europe as a whole. On the other hand, profits fell from the previous year due to a rise in selling, general and administrative expenses on the back of factors including the impact of inflation.

As a result of those factors, net sales and ordinary income in the segment were 23,537 million yen (up 30.2% year on year) and 1,023 million yen (down 34.4% year on year), respectively.

### <Asia>

In China, while car production was slightly higher than in the previous year, sales in the automotive coatings sector decreased on a year-on-year basis due to weaker demand from major customers owing to the impact of the spread of COVID-19. In the industrial coatings sector, sales of paints for industrial machinery recorded a year-on-year decrease due to weaker demand from major customers. As a result, net sales decreased year on year in China as a whole. In Indonesia, Thailand, and Malaysia, sales recorded a year-on-year increase on the back of a recovery in car production. While sales increased, profits decreased year on year due to the impact of higher prices for raw materials.

As a result of those factors, net sales and ordinary income in the segment were 16,080 million yen (up 7.2% year on year) and 2,125 million yen (down 21.4% year on year), respectively.

### <Africa>

Amid sluggish demand in South Africa and neighboring countries due to a delay in economic recovery, sales in the South African region increased on the back of efforts to improve selling prices. In the East African region, sales grew in the decorative coatings sector by absorbing strong demand, resulting in year-on-year sales growth in Africa as a whole. Profits increased year on year due to reduced fixed costs through efforts to liquidate unprofitable businesses, which have been continuing from previous years, and the receipt of COVID-related insurance.

As a result of those factors, net sales and ordinary income in the segment were 9,247 million yen (up 20.3% year on year) and 1,195 million yen (up 355.1% year on year), respectively.

### <Others>

In North America, sales increased year on year as car production remained unchanged from the previous year's level. On the other hand, profits fell from the previous year due to the impact of the soaring prices for raw materials and a decrease in equity in earnings of affiliates.

As a result of those factors, net sales and ordinary income in the segment were 1,586 million yen (up 5.9% year on year) and 153 million yen (down 80.2% year on year), respectively.

## Consolidated financial statements

## (1) Consolidated Balance Sheets

(Millions of yen)

|  | As of March 31, 2022 | As of June 30, 2022 |
|--|----------------------|---------------------|
| <b>Assets</b>  |                      |                     |
| Current assets   |                      |                     |
| Cash and deposits  | 64,677               | 59,980              |
| Trade notes and accounts receivable, and contract assets | 110,085              | 123,454             |
| Securities   | 3,414                | 3,242               |
| Finished goods   | 46,317               | 51,668              |
| Work-in-process  | 7,318                | 8,206               |
| Raw materials and supplies                               | 35,583               | 40,651              |
| Other  | 12,960               | 15,071              |
| Allowance for doubtful receivables                       | (3,706)              | (4,320)             |
| <b>Total current assets</b>                              | <b>276,650</b>       | <b>297,956</b>      |
| Non-current assets                                       |                      |                     |
| Property, plant and equipment                            |                      |                     |
| Buildings and structures, net                            | 61,484               | 62,901              |
| Other, net   | 71,949               | 74,979              |
| <b>Total property, plant and equipment</b>               | <b>133,434</b>       | <b>137,880</b>      |
| Intangible assets  |                      |                     |
| Goodwill   | 27,573               | 28,002              |
| Other  | 21,374               | 22,333              |
| <b>Total intangible assets</b>                           | <b>48,948</b>        | <b>50,336</b>       |
| Investments and other assets                             |                      |                     |
| Investment securities                                    | 94,192               | 89,943              |
| Other  | 51,468               | 53,885              |
| Allowance for doubtful receivables                       | (4,636)              | (4,855)             |
| <b>Total investments and other assets</b>                | <b>141,024</b>       | <b>138,974</b>      |
| <b>Total non-current assets</b>                          | <b>323,407</b>       | <b>327,191</b>      |
| <b>Total assets</b>                                      | <b>600,057</b>       | <b>625,147</b>      |

(Millions of yen)

|  | As of March 31, 2022 | As of June 30, 2022 |
|--|----------------------|---------------------|
| <b>Liabilities</b>   |                      |                     |
| Current liabilities  |                      |                     |
| Trade notes and accounts payable                                   | 72,896               | 81,909              |
| Short-term borrowings  | 7,646                | 60,594              |
| Short-term bonds payable   | -                    | 10,000              |
| Current portion of convertible bonds with stock acquisition rights | 60,010               | -                   |
| Income and enterprise taxes payable                                | 2,451                | 3,531               |
| Provision for bonuses  | 4,601                | 2,861               |
| Other  | 25,476               | 32,296              |
| Total current liabilities  | 173,083              | 191,194             |
| Non-current liabilities  |                      |                     |
| Net defined benefit liability                                      | 7,486                | 7,827               |
| Other  | 44,372               | 47,007              |
| Total non-current liabilities                                      | 51,859               | 54,834              |
| Total liabilities  | 224,942              | 246,028             |
| <b>Net assets</b>  |                      |                     |
| Shareholders' equity   |                      |                     |
| Common stock   | 25,658               | 25,658              |
| Capital surplus  | 21,277               | 21,527              |
| Retained earnings  | 279,551              | 282,109             |
| Treasury stock, at cost  | (26,187)             | (31,388)            |
| Total shareholders' equity   | 300,299              | 297,906             |
| Accumulated other comprehensive income                             |                      |                     |
| Net unrealized holding gains on securities                         | 40,070               | 37,411              |
| Deferred losses on derivatives under hedge accounting              | (1,790)              | (1,535)             |
| Foreign currency translation adjustments                           | (23,071)             | (14,523)            |
| Remeasurements of defined benefit plans                            | 4,512                | 4,338               |
| Total accumulated other comprehensive income                       | 19,719               | 25,690              |
| Non-controlling interests  | 55,095               | 55,521              |
| Total net assets   | 375,114              | 379,118             |
| <b>Total liabilities and net assets</b>                            | <b>600,057</b>       | <b>625,147</b>      |

## (2) Consolidated Statements of Income

(Millions of yen)

|  | Three months ended<br>June 30, 2021 | Three months ended<br>June 30, 2022 |
|--|-------------------------------------|-------------------------------------|
| Net sales  | 97,767                              | 120,448                             |
| Cost of sales  | 66,102                              | 87,255                              |
| Gross profit   | 31,665                              | 33,192                              |
| Selling, general and administrative expenses                     | 22,934                              | 24,705                              |
| Operating income   | 8,730                               | 8,487                               |
| Non-operating income   |                                     |                                     |
| Interest income  | 116                                 | 99                                  |
| Dividend income  | 777                                 | 895                                 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 1,760                               | 1,490                               |
| Foreign currency exchange gain                                   | 142                                 | 2,540                               |
| Miscellaneous income   | 740                                 | 539                                 |
| Total non-operating income                                       | 3,537                               | 5,565                               |
| Non-operating expenses   |                                     |                                     |
| Interest expense   | 363                                 | 262                                 |
| Loss on disposal of inventories                                  | 134                                 | 59                                  |
| Provision of allowance for doubtful receivables                  | -                                   | 203                                 |
| Miscellaneous expenses   | 157                                 | 328                                 |
| Total non-operating expenses                                     | 655                                 | 855                                 |
| Ordinary income  | 11,611                              | 13,197                              |
| Extraordinary income   |                                     |                                     |
| Gain on sale of property, plant and equipment                    | 30                                  | 267                                 |
| Gain on sale of investment securities                            | 365                                 | 23                                  |
| Gain on liquidation of subsidiaries                              | 13                                  | -                                   |
| Insurance claim income   | 298                                 | -                                   |
| Total extraordinary income                                       | 708                                 | 290                                 |
| Extraordinary losses   |                                     |                                     |
| Loss on sale or disposal of property, plant and equipment        | 34                                  | 29                                  |
| Early extra retirement payments                                  | 17                                  | 9                                   |
| Total extraordinary losses                                       | 52                                  | 38                                  |
| Income before income taxes and non-controlling interests         | 12,267                              | 13,449                              |
| Total income taxes   | 5,128                               | 5,354                               |
| Net income   | 7,139                               | 8,094                               |
| Net income attributable to non-controlling interests             | 1,793                               | 1,644                               |
| Net income attributable to owners of the parent                  | 5,346                               | 6,450                               |

## (3) Consolidated Statements of Comprehensive Income

(Millions of yen)

|  | Three months ended<br>June 30, 2021 | Three months ended<br>June 30, 2022 |
|--|-------------------------------------|-------------------------------------|
| Net income   | 7,139                               | 8,094                               |
| Other comprehensive income                                       |                                     |                                     |
| Net unrealized holding gains (losses) on securities              | 2,385                               | (1,854)                             |
| Deferred gains on derivatives under hedge accounting             | 385                                 | 255                                 |
| Foreign currency translation adjustments                         | 3,364                               | 9,869                               |
| Remeasurements of defined benefit plans                          | (73)                                | (174)                               |
| Shares in other comprehensive income of equity method affiliates | 2,057                               | 773                                 |
| Total other comprehensive income                                 | 8,120                               | 8,870                               |
| Comprehensive income   | 15,260                              | 16,965                              |
| Comprehensive income attributable to:                            |                                     |                                     |
| Owners of the parent   | 12,610                              | 12,420                              |
| Non-controlling interests  | 2,649                               | 4,544                               |



## Segment information

### (1) Three months ended June 30, 2021 (April 1, 2021 - June 30, 2021)

Information about sales, profit and loss by reportable segment

(Millions of yen)

|                                      | Reportable segments |        |        |        |        |        | Other *1 | Total   | Adjustment *2 | Consolidated *3 |
|--------------------------------------|---------------------|--------|--------|--------|--------|--------|----------|---------|---------------|-----------------|
|                                      | Japan               | India  | Europe | Asia   | Africa | Total  |          |         |               |                 |
| Net sales                            |                     |        |        |        |        |        |          |         |               |                 |
| (1) Sales to customers               | 34,370              | 21,137 | 18,076 | 14,998 | 7,686  | 96,269 | 1,497    | 97,767  | -             | 97,767          |
| (2) Intersegment sales and transfers | 2,710               | 22     | 55     | 719    | 84     | 3,592  | -        | 3,592   | (3,592)       | -               |
| Total sales                          | 37,080              | 21,160 | 18,131 | 15,717 | 7,770  | 99,861 | 1,497    | 101,359 | (3,592)       | 97,767          |
| Segment income                       | 4,073               | 2,232  | 1,560  | 2,705  | 262    | 10,834 | 777      | 11,611  | -             | 11,611          |

Notes:

- \*1 The "Other" category includes business activities of subsidiaries and affiliates in the U.S., Mexico and other locations.
- \*2 Adjustments for segment income, segment assets and other items represent the elimination of intersegment transactions.
- \*3 Segment income is reconciled with the ordinary income in the Consolidated Statements of Income.
- \*4 Reportable segments other than Japan include the following countries:  
 India: India, Bangladesh, Nepal and other locations.  
 Europe: Slovenia, Turkey, Austria and other locations.  
 Asia: Indonesia, Thailand, China and other locations.  
 Africa: South Africa, Uganda, Zimbabwe and other locations.

### (2) Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

Information about sales, profit and loss by reportable segment

(Millions of yen)

|                                      | Reportable segments |        |        |        |        |         | Other *1 | Total   | Adjustment *2 | Consolidated *3 |
|--------------------------------------|---------------------|--------|--------|--------|--------|---------|----------|---------|---------------|-----------------|
|                                      | Japan               | India  | Europe | Asia   | Africa | Total   |          |         |               |                 |
| Net sales                            |                     |        |        |        |        |         |          |         |               |                 |
| (1) Sales to customers               | 35,383              | 34,613 | 23,537 | 16,080 | 9,247  | 118,862 | 1,586    | 120,448 | -             | 120,448         |
| (2) Intersegment sales and transfers | 3,391               | 9      | 40     | 984    | 37     | 4,463   | -        | 4,463   | (4,463)       | -               |
| Total sales                          | 38,775              | 34,622 | 23,578 | 17,064 | 9,284  | 123,325 | 1,586    | 124,911 | (4,463)       | 120,448         |
| Segment income                       | 5,127               | 3,571  | 1,023  | 2,125  | 1,195  | 13,043  | 153      | 13,197  | -             | 13,197          |

Notes:

- \*1 The "Other" category includes business activities of subsidiaries and affiliates in the U.S., Mexico and other locations.
- \*2 Adjustments for segment income, segment assets and other items represent the elimination of intersegment transactions.
- \*3 Segment income is reconciled with the ordinary income in the Consolidated Statements of Income.
- \*4 Reportable segments other than Japan include the following countries:  
 India: India, Bangladesh, Nepal and other locations.  
 Europe: Slovenia, Turkey, Austria and other locations.  
 Asia: Indonesia, Thailand, China and other locations.  
 Africa: South Africa, Uganda, Zimbabwe and other locations.